



U.S. Department of Justice

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EVENT: Sentencing

Defendant: John R. Messinger

**FORMER PRESIDENT AND COO OF
LASON, INC. SENTENCED TO PRISON**

John R. Messinger, the former President and Chief Operating Officer of Lason, Inc., was sentenced today to 12 months and one day of imprisonment based on a conviction for participating in the filing of a false and fraudulent quarterly report (10-Q) for Lason for the third quarter of 1999 with the Securities and Exchange Commission, announced Stephen J. Murphy, United States Attorney for the Eastern District of Michigan, and Andrew G. Arena, Special Agent in Charge of the Detroit Division of the Federal Bureau of Investigation.

U.S. District Judge Arthur J. Tarnow also ordered Messinger to pay \$20 million in restitution to investors who purchased Lason stock after Lason announced "record" results for the third quarter of 1999 and to serve a three-year term of supervised release following his release from prison. Messinger, 49 years old and a former resident of Oakland Township who now resides in Florida, will voluntarily surrender to the Federal Bureau of Prisons to serve his sentence.

United States Attorney Murphy said, “Large and complicated corporate fraud cases are, without exception, complex, fact intensive, and difficult to unravel. Nevertheless, the harmful effects of corporate fraud on its victims – corporate employees, investors, customers, or competitors – is no different than if they robbed on the street. The Lason matter shows what our cadre of experienced white-collar crime prosecutors are doing everyday to prosecute criminal corporate fraud matters. I salute the fine work of the AUSAs involved, the FBI agents assigned to the matter, and the SEC’s Enforcement Division. We will continue to work hard to investigate and bring these sorts of cases to resolution.”

At the time of Messinger’s offense, late 1999, Lason was a publicly traded company headquartered in Troy, Michigan, that provided printing, mail-processing, and electronic information services. It had dozens of operating units located throughout the United States and in other countries, and provided its services to hundreds of business customers, including automobile manufacturers.

The charge to which Mr. Messinger pleaded guilty pursuant to a plea agreement with the government in 2004 involves Lason’s financial statement for the third quarter of 1999, which fraudulently inflated Lason’s revenues by some \$13 million, an amount that enabled Lason to exceed Wall Street’s earnings expectations for that quarter by a penny, which was announced at the end of October 1999. It was the twelfth quarter in a row that Lason had reported earnings at or above the consensus estimate of stock analysts.

The scheme began to seriously unravel in mid-December 1999, when Lason announced that it would not meet Wall Street’s earnings projections for the fourth quarter. The next business day, December 20, Lason’s stock price fell from \$23.31 to \$11.44 per share, a decrease of 51%. The stock price never recovered. By the second quarter of 2000 it was below \$5.00 per share. By the end of 2000, Lason’s stock was virtually worthless.

On December 5, 2001, Lason filed for bankruptcy protection under Chapter 11 with the consent of its major lender, a bank group led by Bank One. On July 1, 2002, Lason emerged from bankruptcy as a privately held company. Lason’s existing common stock was canceled,

and new Lason stock was issued, most of which was provided to the bank group. Lason was recently acquired by HOV Services Limited, an outsourcing company based in India.

Messinger's 12-month sentence was based in part on the cooperation he provided to the government in connection with the prosecution of his two codefendants, Gary Monroe and William Rauwerdink, Lason's former CEO and CFO. They pleaded guilty in November 2006 and will be sentenced by Judge Tarnow next month. In rejecting Messinger's request for probation, Judge Tarnow noted that crimes such as these are serious because they undermine the integrity of the capital markets and are often committed by those who can be deterred by the knowledge that getting caught may result not only in financial penalties but the loss of liberty.

The criminal investigation of this case has been conducted by the FBI, with assistance from the SEC's Division of Enforcement. The case has been prosecuted by Assistant U.S. Attorneys Jennifer Gorland and Stephen Hiyama.